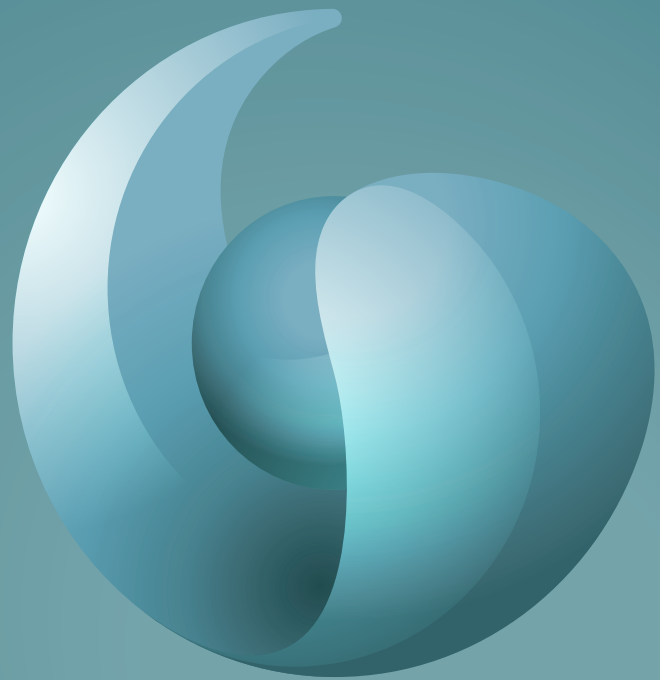


# Key Features

## The USA SIPP



### keyfacts<sup>®</sup>

The Financial Conduct Authority is the independent financial services regulator. It requires us, iPensions Group, to give you this important information to help you to decide whether The USA SIPP is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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## IMPORTANT INFORMATION

The USA SIPP ("The SIPP") is a personal pension scheme that gives you the ability to invest your pension fund in a wide range of different types of assets.

With The SIPP you have the flexibility to pay contributions at whatever level you wish, within Her Majesty's Revenue and Customs (HMRC) limits for tax relief. There is no contractual minimum contribution. Only contributions eligible for UK tax relief are permitted.

### Definitions with regards to this document:

"Appointed Adviser" means an entity appointed by you to provide either financial advice including advice regarding your pension benefits and/or investment advice in relation to your assets held within your SIPP.

"Financial Adviser" means a regulated entity appointed by you to provide financial advice including advice regarding your pension benefits and investment advice in relation to your assets held within your SIPP.

"Investment Manager" means an entity authorised by iPensions Group at your request to carry out the services of managing the investments held in the SIPP on your behalf.

"Tax Year" means the UK Tax Year, unless specified otherwise.

"US" means United States or United States of America.

"US Person" means a US citizen, a US resident (meeting the substantial presence test) or a Green Card holder. Please note that you can obtain US citizenship from a US parent, meaning you are US person even if you have not applied for a US passport.

"your SIPP" or "my SIPP" a reference in this document to "your SIPP" or "my SIPP" shall mean your segregated assets and/or cash in The SIPP.

You may choose an appropriate investment strategy in association with your Appointed Adviser. Alternatively, you may choose to request the appointment of a duly authorised Investment Manager to manage your underlying investments on a discretionary basis.

The SIPP is designed to take full advantage of the pension flexibility rules introduced in April 2015 which allow individuals to access their pension savings.

You should seek tax advice in your country of tax residency regarding the tax treatment of Income under a double taxation agreement with the US and the UK.

iPensions Group Limited is the Provider and Scheme Administrator and iPensions Group Trustees Limited is the Scheme Trustee of The SIPP (together known as "iPensions Group").

This document summarises the key features of The SIPP. It should be read in conjunction with the Application Form, the Terms and Conditions, the Fee Schedule and, where given, the Key Features Illustration provided when you apply to become a member of the Scheme. Please contact your Financial Adviser for further information.

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## Aims

- To help you save for your retirement in a tax-efficient manner.
- To enable you to transfer benefits held in other registered pension schemes to your SIPP.
- To enable you to make your own investment decisions in conjunction with your Appointed Adviser and/or Investment Manager, and utilise a wide range of different types of investments.
- To give you choice over how and when you take your benefits.
- To allow you to take regular or variable income from your fund while still remaining invested.
- To provide you with a tax-free lump sum.
- To provide benefits for your nominated beneficiaries on your death.

### Your commitment

- To make payments to your SIPP within the limits set by HMRC.
- To determine the most suitable investment strategy for you.
- To regularly review your SIPP to check it is meeting your needs now and for the future.
- You must normally wait until you reach age 55 before taking any benefits.
- To comply with our Terms and Conditions and to pay the SIPP charges set out in this and our Fee Schedule.
- To comply with the correct US taxation and reporting obligations for the SIPP if applicable.
- To seek US Tax Advice from a relevant Tax Expert on any US tax matter you are unclear on.
- To notify us immediately of any changes to your personal circumstances that might affect your SIPP, including your residence, eligibility for tax relief on your contributions or to receive benefits.

## Risks

This section is designed to tell you about some of the product risks that you need to consider:

### Transferring in

- By transferring other pension benefits into your SIPP, you may be giving up the right to guarantees in the form of benefits, the amount you will receive and also the level of increases that will be applied to your pension in the future.
- You may be giving up the right to receive a terminal bonus on with-profits pension plans.
- A penalty may be applied to your existing plan if it is transferred.

- You should seek regulated advice from your Financial Adviser if you are considering transferring existing pension benefits into your SIPP.
- You may receive a lower value of benefits compared to the amount transferred in.
- There may be US taxation and reporting consequences of transferring existing pension benefits into a SIPP which should be discussed with a US tax adviser.

### Investments

- The value of investments can fall as well as rise and is not guaranteed. Past performance must not be seen as an indication of future performance.
- Your SIPP will be able to invest in a range of investments, each of which carries a different level of risk. Your Appointed Adviser and/or Investment Manager will provide you with additional information regarding investment risk and their associated fees.
- Further information about the risks associated with investments can be found in the Key Features document for the investment information regarding investment risk and their associated fees.
- If you have a smaller fund or deal excessively, the value of your SIPP may be eroded and the costs may be disproportionate to the value of your SIPP.
- Multiple investments and frequent dealing in small amounts may also result in excessive costs.
- Some investments may take longer to sell, have additional charges to exit early, or have lower secondary market values. You will need to take this into account when you are reviewing your investments or planning to take your benefits.
- The US taxation status of all investments should be considered.

### Cash Withdrawal: Taking your money flexibly

- Taking flexible amounts of cash or income withdrawals may erode the capital value of your fund, especially if investment returns are poor and a high level of income is taken. This could result in a lower income than anticipated in the future.
- If you regularly take large cash or income withdrawals these may not be sustainable. The higher the pension you choose to receive, the higher the probability that your funds may eventually be extinguished.
- There is no guarantee that annuity rates will improve in the future. If you choose to purchase an annuity, the level of pension you receive when you purchase the annuity may be lower or higher than the benefits previously being paid under flexi-access drawdown and/or the annuity you could have initially purchased.
- Under Flexi-Access Drawdown you will not receive the benefit of the cross subsidy from the funds of annuitants who have died had you chosen to purchase an annuity.

## Borrowings

- The SIPP is not allowed to lend or borrow.

## General

- The tax benefits and governing law for SIPPs may change in the future.
- The tax position may be affected by your or your beneficiary residency or domicile.
- Your benefits are dependent upon a number of factors. Although not a complete list, these factors include future contribution levels, the age at which you commence benefits and external influences such as investment returns, inflation, interest rates, annuity rates and charges.
- The investment returns on your fund may be lower and the charges may be higher than those shown in any illustrations you may receive from us, or from your Financial Adviser.
- The value of the benefits you receive may be less than the amounts you pay into the SIPP.
- US-UK double taxation treaty considerations currently available to protect income within a SIPP could change or the US law concerning the treatment of foreign pensions could change.
- For US taxation purposes there are Federal, Net Investment Income Tax, and State Tax considerations that should be considered regarding the SIPP. These rules may change in the future.

## Questions and Answers

### What is a SIPP?

It is a personal pension that allows you to invest in a wide range of investments.

### Can I have a SIPP?

The SIPP may be suitable to you if you are a US person (i.e. a US citizen, a US resident (meeting the substantial presence test) or a Green Card holder. Please note that you can obtain US citizenship from a US parent, meaning you are a US person even if you have not applied for a US passport).

A US person must be fully aware of the US tax implications and if required should take detailed tax advice before applying to become a member of the Scheme.

For US taxation purposes there are Federal, Net Investment Income Tax, and State Tax considerations that should be considered regarding The SIPP. These rules may change in the future.

### What are Stakeholder pensions?

The SIPP is not a stakeholder pension.

Stakeholder pensions are relatively simple pension plans for which the UK Government has set minimum standards

to be met by providers covering areas such as charges, minimum payment levels and terms and conditions.

Stakeholder pensions are generally available and may meet your needs at least as well as a SIPP. If you are in any doubt about the suitability of a SIPP you should contact your Financial Adviser.

### What are The SIPP Charges?

The SIPP charges and associated terms of payment are set out in The USA SIPP Fee Schedule and Terms and Conditions, which will be provided to you by your Financial Adviser and should be read prior to completing The SIPP Application. Your Financial Adviser and/or Investment Manager can provide you with details of any adviser and investment related fees, which are separate and in addition to the fees set out in The USA SIPP Fee Schedule.

## Contributions

### Who can pay contributions into my SIPP?

If you are a Relevant UK Individual you can pay personal contributions into your SIPP. In addition, contributions can be paid by another person on your behalf (e.g. by your spouse, parent or grandparent).

All eligible contributions paid by you, or on your behalf (except those paid by an employer) are payable net of basic rate income tax (currently 20%). We reclaim the basic rate income tax from HMRC. As an example, if you pay a net contribution of £800 then we will reclaim £200 from HMRC and credit it to your SIPP current account. Tax reclaims will normally take 6-8 weeks to process by HMRC.

If the contributions or the tax relief amounts are below the threshold for the minimum investment in your chosen investment vehicle then they may be retained in a non-interest bearing bank account and used to pay Administration Fees or held until there is sufficient funds available to meet the threshold for minimum investment.

If you are employed, your employer can also pay contributions into your SIPP. All employer contributions are payable gross.

Once your SIPP is established you can arrange to pay future single contributions and/or to increase/decrease your regular contributions at any time. There is no penalty for altering contribution levels.

Once you have reached age 75 we will no longer accept any contributions paid by you. If you are still employed we can accept contributions paid by your employer.

There may be US tax and reporting considerations that should be taken into account when making contributions to a SIPP. Contributions made by your employer are treated differently to personal contributions.

## Who is a relevant UK individual?

An individual is a relevant UK individual for a tax year if they:

- 1.1 have relevant UK earnings (see Note 2) chargeable to income tax for that tax year; or
- 1.2 are resident in the UK at some time during that tax year; or
- 1.3 were resident in the UK at some time during the five tax years immediately before the tax year in question and they were also resident in the UK when they joined the pension scheme; or
- 1.4 have for that tax year general earnings from overseas Crown employment subject to UK tax (as defined by section 28 of Chapter 5 of Part 2 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA)); or
- 1.5 are the spouse or civil partner of an individual who has for the tax year general earnings from overseas Crown employment subject to UK tax (as defined by section 28 of ITEPA).

For individuals within 1.1, 1.2 and 1.3 above, who do not have relevant UK earnings, the maximum Member contribution is the basic amount (£3,600 gross for the current tax year).

## What are Relevant UK earnings?

Relevant UK earnings are:

- 2.1 employment income such as salary, wages, bonus, overtime, commission chargeable to tax under section 7 (2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA); or
- 2.2 Income derived from the carrying on or exercise of a trade profession or vocation (whether individually or as a partner acting personally in a partnership) chargeable under Part 2 Income Tax (Trading & Other Income) Act 2005; or
- 2.3 Income arising from patent rights and treated as earned income under section 529 Income and Corporation Taxes Act 1988 (ICTA 1988); or General earnings from an overseas Crown employment which are subject to tax in accordance with section 28 of ITEPA.

## What is the Annual Allowance for contributions?

The Annual Allowance is the total amount of pension contributions that can be made to one or more of your UK registered pension schemes in a tax year that will qualify for tax relief. The Annual Allowance is £40,000 for the current tax year.

If you have income (including pension contributions) in excess of £240,000.00 a Tapered Annual Allowance will apply and the above Annual Allowance will be reduced

by £1 for every £2 income you have in excess of the £240,000.00 subject to a maximum reduction of £30,000 in the current tax year.

The Pension Input Amount is the total of contributions to registered pension schemes paid by you, or on your behalf (including any paid by an employer); and the increase in the value of your benefits under any defined benefit schemes. A factor of £16 per £1 p.a. of pension is currently used to value the increase in pension benefits under a defined benefits scheme. If for any tax year the Pension Input Amount exceeds the Annual Allowance, you will have to pay a tax charge on the excess. The tax charge will be based on the marginal rate of tax relief received on the contribution.

If you access your benefits flexibly then you will trigger a lower Money Purchase Annual Allowance (MPAA). This lower MPAA is set at £10,000 for the current tax year.

Provided you have not triggered the MPAA, you may also 'carry forward' unused Annual Allowance from the previous three tax years, provided you were a member of a UK registered scheme in the respective carry forward tax year. Carry forward is subject to a maximum of £40,000 for each of the previous 3 tax years and the amount you can carry forward is reduced by your Annual Allowance usage during those tax years. In order to carry forward you must use up the current years' Annual Allowance.

If you think that you may be affected by the Annual Allowance you should consult your Financial Adviser.

## What if I am entitled to enhanced protection or fixed protection?

It is very important to note that if you have registered with HMRC for enhanced protection (for pension rights built up before 5 April 2006) or fixed protection to reduce or eliminate liability to the Lifetime Allowance charge, the payment of any contribution to your SIPP will lead to the loss of this protection.

## What if I access my benefits flexibly and pay a contribution?

If you have applied to access your benefits flexibly, for example through flexi-access drawdown or Uncrystallised Funds Pension Lump Sum (UFPLS); you will trigger a lower Money Purchase Annual Allowance. The MPAA for the current tax year is £10,000 for money purchase pension savings.

## Do I get tax relief on my contributions?

For each tax year, you will get tax relief on any eligible contributions paid by you, or on your behalf, of up to the higher of £3,600 gross (the basic amount) and 100% of your relevant UK earnings.



If you do not have any relevant UK earnings you can still pay a contribution of up to £3,600 gross a year and receive basic rate tax relief (your contribution will be payable net of basic rate income tax).

You will receive tax relief at your highest rate of income tax on member contributions paid into your SIPP either by you or on your behalf subject to your available annual allowance in that period. See previous page for more details on the Annual Allowance.

We will reclaim the basic rate tax for you from HMRC and credit it to your SIPP. You can claim any higher rate relief via your self-assessment tax return.

If someone is paying contributions to your SIPP on your behalf, then we will still reclaim the basic rate tax from HMRC and credit it to your SIPP. You will be eligible to claim higher rate tax relief if applicable on these contributions.

Tax relief will normally be credited to your SIPP after between 6 and 8 weeks depending on when the contribution was made.

We will only accept contributions up to your available Annual Allowance (including where relevant carry forward entitlement).

For US taxation purposes, contributions made into the plan by your employer may be considered taxable remuneration. You should discuss this with your US tax adviser.

If you are no longer entitled to tax relief on your contributions, you must tell us immediately.

### **Are there any minimum contribution levels?**

If you intend to contribute to your SIPP there is a minimum monthly level of £1,000 (gross) per month, or £12,000 (gross) annually. The minimum one-off contribution we will accept is £5,000 (gross).

If a transfer payment is to be paid into your SIPP there is no requirement to pay contributions.

### **How can contributions be paid?**

Single contributions can be paid by cheque or electronic transfer. Regular contributions must be made by Standing Order. If you wish to pay contributions by electronic transfer, please contact your Financial Adviser who will notify you of our requirements.

### **Can I pay contributions in the form of property or shares?**

No. We can only accept contributions in monetary form.

### **What happens if I change jobs or become unemployed?**

You will be able to continue paying contributions, subject only to the limits on the amount of contributions that will receive tax relief as outlined above.

## **Transfers**

### **Can I transfer my existing pension benefits into my SIPP?**

Yes. You can transfer benefits from any UK registered pension scheme or an Overseas Pension Scheme into your SIPP subject to satisfying our approval process.

Where you are transferring benefits from a QROPS you can apply to HMRC for an international enhancement of your Lifetime Allowance. Your Financial Adviser will be able to provide you with further information and assist you with the application. Please note there is a deadline to apply for this enhancement, which is five years after the 31 January following the end of the tax year in which the transfer takes place.

You can transfer your existing pension benefits into a SIPP even if you have commenced drawdown under the transferring scheme, providing that the terms of your transferring scheme allows it. If drawdown has commenced under the transferring scheme, the value of those benefits will be held separately from other benefits under your SIPP and must be paid on the same basis as they were under the transferring scheme.

We cannot accept transfers from most public sector pension schemes.

You can transfer from Defined Benefit schemes, but you must take UK FCA regulated advice before proceeding as transferring these funds will lead to the loss of guaranteed benefits. You must speak to your Financial Adviser before considering this.

You should take US taxation advice before transferring existing benefits into your SIPP. Transfers can be taxable but also an effective way of using surplus foreign tax credits as a way of reducing the US tax liability on future withdrawals.

### **Can I transfer investments held in another SIPP into my SIPP?**

Yes, although any investments transferred 'in-specie' must be an acceptable investment for your SIPP. If you wish to transfer 'in-specie' please send us details of your portfolio of investments under the transferring scheme before committing to transfer and we will advise you of our further requirements.

### **How do I transfer my existing pension benefits into my SIPP?**

You complete the pension transfer section in the Application Form. If you have more than one transfer, you will need to complete a separate copy of this section for each transfer. If you are already a SIPP member and decide to transfer additional pension benefits or make a pension contribution(s) then you can complete an additional transfer and contribution form, which is available on request.

Please note that if you hold scheme enhanced or scheme specific lump sum protection then this may be lost if you make a transfer.

iPensions Group will not give advice on whether to transfer your benefits. We recommend that you seek appropriate advice from an FCA regulated Financial Adviser before proceeding. In the case of a transfer of benefits in excess of £30,000 from a Defined Benefit Scheme, or a Scheme with Safeguarded Benefits, we will be unable to accept a transfer unless advice has been taken from a suitably qualified FCA regulated Financial Adviser.

### Can I transfer my SIPP to another pension plan?

You can transfer part or all of your SIPP to another UK registered pension scheme or to a Qualifying Recognised Overseas Pension Scheme (QROPS) at any time.

If you have already started taking benefits from your SIPP, then the full value of these benefits must be transferred at one time. If you have uncrystallised funds under the SIPP (i.e. no benefits have commenced) you can choose to transfer all, or only a part, of those funds to another pension scheme.

The transfer can either be in the form of a cash payment (in which case you will have to sell all of the investments held under your SIPP before the transfer is completed) or by an in-specie transfer of the SIPP assets subject to the receiving scheme being able to accept the assets.

If the transfer is to a QROPS, a check against your Lifetime Allowance must be carried out before the transfer payment is made. If you have exceeded your Lifetime Allowance, then a Lifetime Allowance charge may apply before the transfer is completed.

The Lifetime Allowance is a maximum permitted tax exempt amount to which each pension scheme member is entitled. See below for more details of the Lifetime Allowance.

US taxation advice should be taken before any transfer is made.

If the transfer is to a QROPS you may be liable to a 25% Overseas Transfer Charge (OTC) on the transfer value, unless one of the following conditions are met:

1. You are resident in the same country / territory in which the receiving QROPS is established.
2. You are tax resident in the EEA and the QROPS is established in the EEA.\*
3. The QROPS is set up by an international organisation of which you are an employee.
4. The QROPS is an overseas public service pension scheme and you are an employee of a public service employer.

5. The QROPS is an occupational pension scheme and you are an employee of a sponsoring employer under the Scheme.

Unless otherwise agreed with you, in the event the OTC is payable, the OTC will be deducted from your SIPP prior to the transfer being paid, and any Lifetime Allowance calculations being made. iPensions Group will pay the OTC to HM Revenue and Customs.

The transfer will always be made direct to the Trustees or Administrator of the receiving scheme.

\* EEA includes Gibraltar, Liechtenstein, Norway and Iceland in this context.

## Investments

### What Investments can your SIPP hold?

Full details of the investments your SIPP can hold can be seen in the SIPP Investment Guidelines available in the literature section of our website, subject to the parameters of the Investment Provider chosen by you.

These Guidelines are designed to ensure that there is a suitable level of investment diversification and investments can be classified as Standard Assets as defined by the FCA, as follows:

#### Permitted Investments – FCA Standard Assets

- Cash
- Cash funds
- Deposits
- Exchange traded commodities
- Government & local authority bonds and other fixed interest stocks
- Investment notes (structured products) provided there is a clear secondary market
- Shares in Investment trusts
- Managed pension funds
- National Savings and Investment products
- Permanent interest bearing shares (PIBs)
- Real estate investment trusts (REITs)
- Securities admitted to trading on a regulated venue:
  - Securities are defined by the FCA and include shares, corporate bonds, debentures, loan stocks, and units in regulated collective investment schemes.
  - Regulated Venues are exchanges and multilateral trading facilities (MTF) that include the London Stock Exchange, the Alternative Investment Market and other trading venues authorised by a financial regulator or a governmental agency either in the EEA or in a third country.
- Units in Regulated collective investment schemes:
  - These are defined as Collective Investment Schemes (CIS) regulated in the UK, or constituted outside the UK and recognised by the FCA, as shown on the FCA Collective Investment Scheme Register.



- In addition, in order to be classified as a Standard Asset, the investment must be capable of being accurately and fairly valued on an ongoing basis and readily realised within 30 days. If this is not the case, the investment is a non-standard investment and is not acceptable for The SIPP, unless otherwise agreed by the Trustees.

### Are there restrictions on what I can invest in?

Certain categories of investment are not permitted in a SIPP and these include:

- Residential property, and associated land;
- Ground rents;
- Tangible, moveable property (i.e. things that you can touch and move, including assets such as art, antiques, jewellery, fine wine, classic cars); and
- Personal loans, transactions with you or someone connected with you.

## Member Benefits

### Is there a limit on the amount of my benefits?

There is no limit on the benefits that may be provided for you under your SIPP. However if the total value of your pension savings, under all registered pension schemes, exceeds the Lifetime Allowance, then there will be an additional UK tax charge (called the Lifetime Allowance charge) on the excess. The Lifetime Allowance is £1,073,100 from 6 April 2020. If you think you will be affected by the Lifetime Allowance, please contact your Financial Adviser for more information, including the application process and timelines.

### How does the Lifetime Allowance work?

Certain events trigger a test against the Lifetime Allowance and are known as 'Benefit Crystallisation Events' (BCEs). The most common BCEs relevant for the SIPP can be summarised as:

- When funds are designated to provide you with a flexi-access drawdown pension or an UFPLS.
- When you elect to receive a Pension Commencement Lump Sum (PCLS).
- When you purchase a lifetime annuity.
- When you reach age 75 and you have funds uncrystallised or designated to provide a flexi-access drawdown pension.
- When lump sum death benefits are paid on your death.

Each of these events will use a portion of your Lifetime Allowance and each time you will be notified of the amount of Lifetime Allowance used by the BCE and the amount still available.

Once you have used up your Lifetime Allowance, any benefits paid above the allowance will be subject to the Lifetime Allowance charge. If excess funds are used to provide a taxable pension, the Lifetime Allowance charge is 25% of the excess above the Lifetime Allowance.

Alternatively if excess funds are paid as a lump sum, called a Lifetime Allowance excess lump sum, the Lifetime Allowance charge is 55%. We will deduct this tax charge from your fund and pay it to HMRC before paying your benefits.

### Protection from the Lifetime Allowance

If you have built up substantial pension savings before 6 April 2006 and have registered for enhanced and / or primary protection ('transitional protection') with HMRC then this may reduce, or eliminate any Lifetime Allowance charge that would otherwise be payable.

If you have locked your Lifetime Allowance at £1.8 million by registering for Fixed Protection 2012, locked your Lifetime Allowance at £1.5 million by registering for Fixed Protection 2014, or locked your Lifetime Allowance at £1.25 million by registering for Fixed Protection 2016, any further contributions to or accrual of benefits in registered pension schemes will cause the loss of the protection.

If you have applied for and been approved for Individual Protection 2014 your Lifetime Allowance will be fixed based on the value of your savings as at 5 April 2014 with a minimum of £1.25 million and a maximum of £1.5 million. If you have applied for and been approved for Individual Protection 2016 your Lifetime Allowance will be fixed based on the value of your savings as at 5 April 2016 with a minimum of £1 million and a maximum of £1.25 million.

The Lifetime Allowance is £1,073,100 from 6 April 2020. If you think you will be affected by the Lifetime Allowance, please contact your Financial Adviser for more information, including the application process and timelines.

### When can I take my benefits?

There is no requirement for you to take lump sum and or pension benefits from your SIPP at any point.

You can commence benefits, irrespective of whether or not you continue to work, at any time from age 55. It may be possible to commence benefits earlier if you are in ill health.

If, as part of a block transfer, you transfer pension rights to your SIPP from another registered pension scheme, under which you are entitled to commence benefits earlier than age 55 (i.e. because you are in a specialised occupation for which a lower minimum pension age had previously been agreed by HMRC), you may be able to take benefits from that earlier age.

## How do I commence benefits?

You will need to contact your Financial Adviser who will discuss your options with you and provide you with the required Retirement Options Form to be completed. This will ask for details of your available Lifetime Allowance and any protection you have in place for your benefits.

You may choose to take benefits from all, or only part, of the uncrystallised (unvested) funds under your SIPP. This will allow you to phase your benefits to suit your personal circumstances.

You can first choose how much of your benefits that you wish to crystallise and then how you would like the benefits to be provided – as drawdown pension income or as a lump sum, or a combination of both.

## What type of pension income can I have?

Your SIPP can provide you with income in one (or a combination) of three ways:

- A drawdown pension;
- A UFPLS; or
- Purchase of a lifetime annuity.

When you designate funds to provide income you are normally permitted to take part of the funds as a Pension Commencement Lump Sum (PCLS) payable at the time you make the designation.

When you take benefits this will trigger a test against the Lifetime Allowance.

### Drawdown Pension

You may designate uncrystallised funds into a flexi-access drawdown fund from which you can draw down any amount over whatever period you choose.

The first time that you designate uncrystallised funds into a flexi-access drawdown fund, then this will immediately trigger the MPAA rules described above.

Where, before 6 April 2015, you had designated funds into one or more drawdown pension funds from which you were taking capped drawdown pension, you may either:

- Request for your fund to be converted into a flexi-access drawdown fund; or
- Continue to take a capped drawdown pension from the arrangement.

If you have protected lump sum rights, you may be able to receive more than 25% as tax free PCLS.

When you designate funds as being available for the payment of drawdown pension in a flexi-access drawdown fund then, where you are aged under age 75, the designation is a BCE and the amount designated is tested

against your available Lifetime Allowance. If you also take a tax-free PCLS, this is also a BCE.

Your designated pension fund remains invested and you draw an income from the fund. There is no minimum or maximum level of income, so you can elect to receive no annual pension if you wish or to draw it all in a single payment. You can choose to take a regular income and/or one-off pension payments to suit your individual circumstances.

Flexi-access drawdown pension is a form of pension for tax purposes and is chargeable to income tax as pension income. When you receive a flexi-access drawdown pension you will be liable for income tax at your marginal rate in a tax year on whatever income you take from your flexi-access drawdown fund during that year. We are required to deduct UK income tax from the flexi-access drawdown pension under the PAYE regulations.

If you are in drawdown you can decide to receive benefits by using the funds designated to flexi-access drawdown to purchase a short term annuity with a suitable insurance company. These annuities are paid at least annually and for no more than 5 years. We recommend you seek advice from your Financial Adviser before making this decision.

It is important to note that any pension funds transferred in from other registered pension schemes will be kept separate from any other funds held for you under the SIPP and will be subject to their own terms for payment. Before selecting pension drawdown you should read the 'Cash Withdrawal - Taking your money flexibly' section under 'Risks'.

### Uncrystallised Funds Pension Lump Sum

You may choose to take all or part of your uncrystallised funds immediately in lump sum form as an Uncrystallised Funds Pension Lump Sum UFPLS provided that you have available Lifetime Allowance.

25% of this lump sum is currently paid tax-free. The remaining lump sum will be taxed as income at your marginal rate of UK income tax.

Each time that you designate uncrystallised funds for a UFPLS triggers a test against the Lifetime Allowance. It will also trigger the MPAA rules described previously.

## Lifetime Annuity

Purchasing a lifetime annuity involves passing the value of your SIPP to an insurance company of your choice who in return will provide you with a regular, taxable income throughout your life.

The annuity available will depend on the value of your fund and the annuity rates at the date of purchasing the annuity.

The annuity income may increase each year; may be guaranteed (i.e. paid irrespective of whether you are alive) and may continue, normally at a reduced level, to your surviving spouse, civil partner or dependant.

If an annuity is purchased you will cease to have any involvement with the investment of your pension fund. This may be a price worth paying if security of income is an important issue.

### What about the PCLS?

When you become entitled to pension income from your SIPP then, subject to certain conditions, you may also be provided with tax-free lump sum known as a PCLS. HMRC limits the amount of lump sum that can be treated as a pension commencement lump sum and generally this will be a maximum of 25% of the uncrystallised funds that you designate to provide your benefits.

Your PCLS can only be paid if you have available remaining Lifetime Allowance.

If you have protected lump sum rights then you may be entitled to a PCLS of more than 25%. We will ask you to supply a copy of your HMRC Certificate on the Lifetime Allowance declaration to confirm the amount available.

You may not take a pension commencement lump sum with the intention of recycling some, or all of it, either directly, or indirectly, to fund a significant increase in pension contributions. This is because under these circumstances, the lump sum will be treated as an unauthorised payment. The payment you receive would be taxed as an unauthorised payment at between 40% and 55%. Your pension fund would also be subject to a further tax charge of between 15% to 40% (depending on how much of the tax charge you had paid).

### Do I pay tax on pension payments?

All pensions paid to you including flexi-access drawdown and the taxable amount of UFPLS are subject to UK income tax under PAYE. We will deduct the tax due before paying your pension or UFPLS and will account for it to HMRC. We will use information about you to determine an initial tax code to use for PAYE and HMRC will then confirm the appropriate code that should apply to your benefits thereafter. Moving to the correct code may mean you owe tax for the earlier part of the year and you may

therefore have to pay back some tax later on. If at the end of the tax year you think you have paid too much tax, you should claim a refund by writing to your local tax office.

Payments from a UK SIPP including the PCLS may be subject to US Federal taxes, and State tax if applicable. If you are in any doubt about the US taxation of the SIPP you should take advice from a US qualified tax expert.

If you purchase a lifetime annuity, the annuity provider will be responsible for the payment of income tax. It may be that because of your tax residence or domicile that you are subject to other tax provisions and if you are in any doubt about the taxation of the SIPP and benefits from it then you should take advice from a suitably qualified tax expert who can advise on the tax and tax filing position.

If you are in receipt of pension income following the death of another person this will normally be free from UK tax where the deceased was under 75 when they died and you did not receive payments from the fund before 6 April 2015.

## Death Benefits

### What benefits are paid when I die?

#### a. Death Benefits payable from your SIPP

Death benefits may be paid as a lump sum or may be applied to provide pension benefits for your beneficiaries, either under Flexi-Access Drawdown or by annuity purchase. You may nominate the individuals you wish to receive benefits. iPensions Group, as Scheme Administrator, will decide how the death benefits will be paid and to whom and will take into consideration (but need not follow) the wishes noted in your nomination form including any preference expressed by any individual that you nominate. You may complete a new Expression of Wishes and Nomination form at any time.

In the event of your death, the way your fund is treated will be based on your age – whether death occurred before age 75 or older, irrespective of whether benefits have been crystallised.

- If before 75, payments to your beneficiaries will be free of UK tax whether taken as a lump sum or income.
- If 75 or older, payments to your beneficiaries will be subject to UK tax at the beneficiary's marginal rate, whether taken as a lump sum or income.

The beneficiary may in turn nominate who they wish to receive any remaining funds to be paid to in the event of their subsequent death.

No tax deduction is applied where there are no survivors and a lump sum is paid to a registered charity.

There may also be US Estate Taxation Considerations upon a member's death. Please consult your US Taxation adviser to discuss further.

#### **b. Lifetime Annuity or Short term Annuity**

The benefits payable, if any, will be determined by the terms of the annuity contract with the insurance company.

### **Miscellaneous**

#### **Your right to change your mind**

You have a legal right to cancel your SIPP if you change your mind. You will have 30 days from the date you receive our letter or email confirming acceptance of your SIPP application, to cancel. If transfer(s) funds are received before this 30 day cancellation period has expired, the funds will not be invested and will be held in a non-interest bearing bank account until the 30 day period has elapsed, unless you elect to waive this right to cancel your SIPP by completing the waiver in the Application Form or waiver form subsequently sent on to you.

Cancellation rights also apply to any transfer payments received. You will have 30 days from the date that you receive our letter/email acknowledging receipt of the transfer discharge forms or transfer request where the Origo Options Transfer Service is utilised. This right cannot be waived.

You may exercise your right to cancel by contacting us at:

#### **iPensions Group Limited,**

2nd Floor,  
Marshall House,  
2 Park Avenue,  
Sale,  
M33 6HE

Tel: 0161 972 2840

Email: [sipp@ipensionsgroup.com](mailto:sipp@ipensionsgroup.com)

You must state whether you wish to cancel your SIPP or whether you only wish to cancel a specific transfer. We will acknowledge your notification and confirm what additional information, if any, is required.

Full details of your cancellation rights are set out in the Application Form.

#### **What is The USA SIPP?**

If you establish a your SIPP you will become a Member of the Scheme, a personal pension scheme registered with Her Majesty's Revenue & Customs (HMRC) under Chapter 2 Part 4 of Finance Act 2004.

The Scheme is governed by a Trust Deed and Rules and your rights and obligations under the Scheme are set out in

our Application Form and our Terms and Conditions. This Key Features document summarises the main provisions of these documents, and of HMRC regulations that apply to your SIPP and that you need to know about. However, in the event of a discrepancy between the Key Features and the Trust Deed and Rules or the Terms and Conditions, the Trust Deed and Rules or Terms and Conditions will prevail. Copies of the current Trust Deed and Rules and of the current Terms and Conditions are available on request; both documents may be amended from time to time. As noted above, HMRC regulations and requirements are also subject to change from time to time.

Please read these Key Features and the Terms and Conditions carefully (which you will be provided with by your Financial Adviser) before completing the Application Form.

#### **Will iPensions Group pay any Benefits not described in this document?**

These Key Features include a summary of the main forms of authorised payments that can be made by the SIPP. We will not knowingly make any payment that is not authorised by the Scheme's Trust Deed and Rules and by the Finance Act 2004.

Please note that if an investment transaction not carried out at market value is carried out between your SIPP and you, or someone connected to you, then this will also create an unauthorised payment.

The amount of the unauthorised payment will be the difference between the actual value and the market value.

We are required to report any unauthorised payments to HMRC. If an unauthorised payment is made, then you, or the person who receives the payment, will be subject to a tax charge.

#### **Are there any compensation arrangements covering my SIPP?**

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if an authorised financial services firm is unable to meet claims made against it.

The amount of compensation available under the FSCS depends on the type of business and the circumstances of the claim. Further information about the compensation arrangements is available from the Financial Services Compensation Scheme ([www.fscs.org.uk](http://www.fscs.org.uk)).

#### **What if I have any further questions?**

For further information please contact your Financial Adviser or iPensions Group at the address below.

For any US tax queries please speak to your tax adviser.

### What if I have a complaint?

Please write to the Complaints Manager in the first instance at:

#### **iPensions Group Limited**

2nd Floor,  
Marshall House,  
2 Park Avenue,  
Sale,  
M33 6HE

Tel: 0161 972 2840

If you are not satisfied with our final response, you have the right to refer your complaint to the Financial Ombudsman Service, free of charge – but you must do so within six months of the date of our Final Response.

The address for the Financial Ombudsman Service is as follows:

Exchange Tower,  
London,  
E14 9SR

Help is also available from The Pensions Advisory Service (TPAS), who can advise you on how to complain and may actually be able to resolve the matter without the need to engage the Ombudsman.

The address for TPAS is as follows:

11 Belgrave Road,  
London,  
SW1V 1RB  
Tel: 0300 123 1047

Making a complaint will not affect your right to take legal

### Important

The information contained in this Key Features document is provided based on our understanding of current law, practice and UK taxation, which may be subject to change, from time to time.

Full details of the legally binding contract between you and iPensions Group will be included in the Terms and Conditions that will be provided to you when you apply for membership.

Any dispute or claim arising out of or in connection with the Scheme and/or your SIPP shall be governed and construed in accordance with the law of England and Wales.

### Contact Details

#### **iPensions Group Limited**

iPensions Group  
2nd Floor, Marshall House,  
2 Park Avenue, Sale,  
M33 6HE

Tel: +44 161 972 2840

Email: [sipp@ipensionsgroup.com](mailto:sipp@ipensionsgroup.com)

Web: [www.ipensionsgroup.com](http://www.ipensionsgroup.com)